

# Key Findings and Recommendations

This report primarily addresses the five Takoma Park departmental service areas that are duplicative of those provided by Montgomery County:

1. Police
2. Public Works
3. Recreation
4. Housing and Economic Development
5. Library

A major portion of the report is devoted to the Committee's review and analysis of each duplicative service. The Committee also prepared a series of recommendations that might permit the City to reduce its financial obligations, either through the pursuit of more accurate county rebates, delivery of services in alternative ways or other options.

The following is a summary of the Committee's key findings and recommendations:

## 1. Police

The County rebate -- \$2.5 million in FY05 -- represents only about half of what the City spends on police services, in large measure because the County contends that it would not, in the absence of a municipal police force, provide the same level of protection and services that the City currently provides.

The Committee offers the following recommendations regarding police services, which may generate about \$1 million annually:

- The City should seek a higher rebate from the County for costs currently not fully recognized by the County, including those associated with:
  - Police patrol and follow-up
  - Administration
  - Facilities
  - Supervisory and command personnel
  - Communications
  - Other areas

- The City should seek a larger portion of the State Police Grant;
- The City should investigate the option of a “shared patrol” police force, modeled on the arrangements currently existing in Rockville, Gaithersburg and Chevy Chase Village, in which city officers handle community policing while the County handles major crimes and fatal accidents;
- The City should investigate the option of transferring all or some of the duties for “911” communications and dispatch to the County; and
- The City should investigate the option of transferring a portion of its criminal investigation responsibility to the County.

The Committee also considered other options, including the transfer of all police services to the County for a savings of approximately \$2 million annually, but the Committee did not recommend this option since it would result in a reduction in personalized services, local control and efficiencies such as response time.

## 2. Public Works

In FY05 the County rebated to the City \$339,903 for road maintenance and \$71,740 for park maintenance. The City’s known cost for road maintenance in FY05 was \$787,820; for maintaining parks and public grounds it was \$266,080. Neither cost included capital expenditures, administrative overhead, vehicle maintenance or debt service.

The City received no rebate for trash pickup or recycling. The City’s estimated cost for managing solid waste is \$229 per household. By comparison, the County calculates its cost for the same service at \$323 per household. The County charge is a fee whereas the City’s cost is bundled into the property tax. This distinction allows Takoma Park homeowners to write off the cost of solid-waste management on their income taxes.

The Committee offers the following recommendations for public works:

- The City should seek a higher rebate from the County for road and park maintenance by adding in the City’s costs of overhead, administrative expenses and capital expenditures;
- The City should ask the County for a cost estimate of contracting out road maintenance to county staff. If the estimate affords the City an opportunity for substantial savings, the City should consider contracting out road maintenance to the County;
- The City should also request an audit of the County’s expenditures supported by property taxes, which may result in a more accurate rebate both for road and park maintenance; and
- The City should renegotiate the 1988 rebate formula for park maintenance since the accounting system on which the formula is based no longer is being used.

The Committee also considered other options to reduce city expenditures, including: 1) Transfer of trash pickup and recycling to the County, which would still leave snow removal and other seasonal work for city crews and would eliminate a tax write-off currently enjoyed by city residents; 2) Transfer of park maintenance to the County, which would likely result in a deterioration of city parks; 3) Cede road maintenance to the County, which may result in fewer timely repairs and, in any event, may not be possible because the County could decline to assume responsibility for city streets.

### **3. Recreation and Parks**

Today the City is the sole provider of government-run recreation inside city limits, offering after-school programs, classes, sports and other activities. Except for a \$100,000 annual payment for operating expenses at the New Hampshire Avenue recreation facility, and the aforementioned \$71,740 for park maintenance, the County provides no additional rebates or payments.

The Committee offers the following recommendations for recreation and parks:

- Given the withdrawal of Montgomery County recreation services from inside city limits and the opening of Takoma Park's community center, the City should request opting out of paying the county recreation tax. If successful, this would mean a direct savings to city taxpayers of an estimated \$250,000 each year; and
- The City should request a set annual payment from the County to reflect the City's provision of recreation programs to underserved populations, including those who live outside the city limits in nearby neighborhoods.

The Committee also considered other options, including: 1) A rebate of the County recreation tax, which would add a level of complexity beyond the set payment; 2) A rebate of the M-NCPPC tax, which could be difficult to justify given M-NCPPC work inside Takoma Park; 3) A transfer of recreation services to the County, which would effectively end most recreation programs available inside city limits; and 4) Contracting of recreation services to an outside entity, which would likely reduce responsiveness to local needs and gain only minimal savings.

### **4. Housing and Community Development**

The City receives no rebates for housing and community development even though many of the services are the same or similar. However, in 2004 the City contracted with the County to handle a significant portion of code enforcement at a savings of about \$50,000.

The Committee offers the following recommendations for housing and community development:

- The City should request a rebate equivalent to the amount the County saves by not providing code enforcement, landlord-tenant services and other housing services in Takoma Park; and
- The City should identify housing services or functions that can be successfully contracted for third-party administration as in the recent contracting with the County for code enforcement.

The Committee also considered the option of transferring all housing and community development services to the County and concluded the City would gain financially but would lose the rent stabilization program (since no similar program exists at the county level) and would lose control over priorities for affordable housing and community development, as well as the “open door” tradition of citizen interaction.

## 5. Library

As a vestige of an arrangement that existed when Takoma Park was divided between two counties, Montgomery County continues to pay the City an annual payment of about \$90,000 for library operations. However, the City receives no other county funding, nor is the City’s library eligible for federal, state or other traditional funding since, as the only surviving municipal library in the state, it lacks official “public” status.

The Committee offers the following recommendations for the library:

- The City should try to determine if significant savings can be achieved by transforming the library from one that offers general services to one that focuses on specialized services; and
- The City should launch a fundraising initiative on behalf of the library in cooperation with the Friends of the Library and other local supporters.

The Committee also considered other options, including: 1) Merging the library into the county system, which would likely lead to its closure; 2) Seeking a rebate from the County, which might jeopardize the current \$90,000 annual payment the library receives from the County; 3) Attempting to secure “public” status for the library, which would be an expensive campaign with almost no likelihood of success; 4) Eliminating city funding, which would mean the end of the library as a city service.

## Additional Revenue Opportunities

Takoma Park depends on property taxes for about half of its annual general fund revenues. The next largest source, representing a little more than a quarter of all revenues, are intergovernmental funds from other levels of government, most of it in county rebates to the City for duplicated services. The City also receives a small share of the local income tax that city residents pay, which represents about 10 percent of city revenues. Fees, fines, licenses, permits, investments and other miscellaneous income make up the balance of city revenues.

The Committee offers the following recommendations for enhancing Takoma Park revenues:

- The City should negotiate more accurate rebates for services duplicated by the County and the City;
- The City should advocate reform of the County’s income tax pass-back by calculating the pass-back based on the City’s property tax rate relative to the County’s property tax rate, or by increasing the 17 percent floor;

- The City should initiate discussions of regional revenue sharing with county and state officials, as well as with regional government entities, such as the Metropolitan Washington Council of Governments;
- The City should extend revenue sharing agreements to the County's "other taxes" derived from Takoma Park, such as extending the 50/50 share of the hotel/motel tax to bed and breakfasts, and retaining some portion of real property transfer taxes, and recordation taxes;
- The City should seek to institute a system of payments in lieu of taxes from major Takoma Park nonprofits, such as Washington Adventist Hospital;
- The City should negotiate payments from the County for services provided to county institutions inside city limits, such as Montgomery College and the public schools;
- The City should regularly assess city services to determine where service charges, fines, and fees for permits and licenses might be increased; and
- The City should monitor intergovernmental grants to ensure that Takoma Park gets a fair share of the grants based on city needs.

## **Educating Citizens about Services and Taxes**

The Committee, at the request of the City Council, also devoted attention to the City's upcoming resident survey and ways to educate and communicate with Takoma Park residents about the impact of service duplication.

### ***Resident Survey of Quality of Life in Takoma Park***

The Committee believes that its report and the identification of alternative service delivery options in police, public works, recreation, housing and community development and library services will be useful to the City in developing questions for the upcoming City resident survey about the quality of life in Takoma Park. The magnitude of the Committee's work did not provide enough time to formulate specific survey questions.

The Committee also points out that the multiple tradeoffs associated with increasing or decreasing service levels make it difficult to assess public opinion about service delivery in the confines of a survey. The Committee urges the City Council to consider the use of forums, focus groups and other opportunities to provide for a more informed and thorough discussion with residents about city services to supplement results from the survey.

### ***Public Education and Outreach***

With the assistance of City staff, the Committee undertook a range of efforts to inform the public of its work. The Committee wrote articles about its mission and activities for the *City Newsletter* and

local newspapers, created a web page on the City's website, maintained a list serve for public discussion of the Committee's business, broadcast one of its meetings on the Takoma Park municipal cable channel and presented an interim report of initial findings to the City Council.

The Committee intends to distribute this final report to the City Council and other City officials, as well as to neighborhood associations and civic groups in Takoma Park. Committee representatives will be available to meet with neighborhood associations and civic groups to explain the report and its implications for city residents. The Committee also recommends the City's distribution of this report to appropriate municipal and county leaders throughout Montgomery County and the Maryland legislature. The Committee intends to write and publish a series of articles in the in the *City Newsletter* about the report's findings and recommendations. This report, as well as additional materials associated with service and tax duplication, will also be maintained on the City's website.